

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Appellants: MacLean, et al. Group Art Unit: 3688  
Serial No.: 09/818,400 Examiner: Daniel Lastra  
Filed: March 27, 2001 Confirmation No.: 2793  
For: **APPARATUS AND METHOD OF FACILITATING THE EXCHANGE  
OF POINTS BETWEEN SELECTED ENTITIES**

Mail Stop Appeal Brief – Patents  
Commissioner of Patents  
P.O. Box 1450  
Alexandria, VA 2233-1450

**APPEAL BRIEF**

Sir:

This is an appeal from the final rejection of the claims as set forth in the final Office Action, dated June 11, 2010. The time period for filing this Brief was reset to be one month from the mailing date of January 5, 2011 of the Notice of Panel Decision from Pre-Appeal Brief Review. This Brief is accompanied by the requisite fee. The Commissioner is hereby authorized to charge any additional fees which may be required, or credit any overpayment to Account No. 03-3415.

I certify that this correspondence is being transmitted via the Patent Electronic Filing System (EFS) to the United States Patent and Trademark Office on: January 24, 2011

Date of Deposit

Mark Montague

Attorney

Signature

January 24, 2011

Date of Signature

The Commissioner is hereby authorized to charge any additional fees which may be required, or credit any overpayment to Account No. 03-3415.

**TABLE OF CONTENTS**

<b>REAL PARTY IN INTEREST.....</b>	<b>3</b>
<b>RELATED APPEALS AND INTERFERENCES.....</b>	<b>3</b>
<b>STATUS OF CLAIMS .....</b>	<b>3</b>
<b>STATUS OF AMENDMENTS.....</b>	<b>3</b>
<b>SUMMARY OF CLAIMED SUBJECT MATTER .....</b>	<b>4</b>
<b>GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL.....</b>	<b>7</b>
<b>ARGUMENT .....</b>	<b>8</b>
<b>CLAIMS APPENDIX.....</b>	<b>26</b>
<b>EVIDENCE APPENDIX .....</b>	<b>36</b>
<b>RELATED PROCEEDINGS APPENDIX.....</b>	<b>37</b>

**REAL PARTY IN INTEREST**

The real party in interest is POINTS.COM, INC.

**RELATED APPEALS AND INTERFERENCES**

Upon information and belief, neither the appellants, the appellants' legal representative or assignee believes that there is any prior or pending appeal, interference or judicial proceeding which may be related to, directly affect, or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**STATUS OF CLAIMS**

The status of all of the claims in the application is as follows:

Cancelled claims: 5-12 and 15-20

Withdrawn claims: None

Claims objected to: None

Claims rejected: 1-4, 13-14, 21-38

Allowed claims: None

The claims being appealed: 1-4, 13-14 and 21-38. These claims are set out in the Claims Appendix attached hereto.

**STATUS OF AMENDMENTS**

This appeal was lodged after the issuance of the final office action dated June 11, 2010. No amendments have been filed subsequent to this office action.

### **SUMMARY OF CLAIMED SUBJECT MATTER**

#### **Independent Claims 1, 3, 21, 24, 28, 29, 31 and 38**

Each of these independent claims, as presented in the Argument section below, stand or fall together and recite a method implemented at least in part by a computer system or a system of managing first and second points issuers, wherein the “first points” that are issued by the first points issuer differ from the “second points” that are issued by the second points issuer (specification as filed, page 5, lines 7-10; page 10, lines 21-23). As described on page 10, lines 13-15, a point issuer is an entity that “controls the disposition and distribution of a currency” ... and points “may take the form of a variety of Loyalty Program (‘LP’) points such as those issued by airlines, hotels, financial entities ...”

According to the invention as recited in each of these independent claims, a customer sets a first number of the first points to be sold (or “redeemed”) (page 5, lines 10-11; page 17, lines 3-20; Figures 6B, 6C). The first points issuer sets the point withdrawal rate of the first points and the second points issuer sets the deposit rate of the second points (page 5, lines 11-13; page 9, lines 11-14; page 25, line 23 to page 26, line 2; Fig. 8), and each of the withdrawal rate and the deposit rate is indicative of the monetary value of the first points and the second points, respectively (page 25, lines 3-22).

A second number of the second points is determined based upon the point withdrawal rate of the first points issuer, the deposit rate of the second points issuer and the first number of the first points. The first number of the first points from the first point issuer is exchanged for the second number of the second points of the second points issuer (page 5, lines 13-16; page 26, lines 3-21; Figure 9; page 26, line 22 to page 27, line 16; Figure 10).

Claims 21, 24, 28, 29, 31 and 38 call for setting the rates to reflect the monetary value of the points in terms of a common monetary currency (page 25, lines 3-22). In addition, in claims 21 and 24, the monetary value of the common currency transmitted from the first points issuer to the second points issuer is determined as a function of the point withdrawal rate of the first points and the set first number of first points to be sold (page 26, lines 27 to page 27, line 1; Figure 10). Then, the number of second points to be deposited with the second points issuer is determined as a function of the monetary value of the transmitted common currency and the deposit rate of the second points issuer (page 27, lines 8-11; Figure 10). Claims 29, 31 and 38 further call for ascertaining the monetary value of the first points to be withdrawn by multiplying the number of points to be withdrawn by the withdrawal rate, and determining the number of points to be purchased (deposited) by multiplying the monetary value by the deposit rate (page 26, line 27 to page 27, line 11; Figures 9, 10).

Independent system claim 3 calls for a first terminal (e.g., issuer terminal 130a, Figure 2) having a first terminal database (database 285a, Figure 2) for storing an account of the customer's first points (page 13, line 9-11), a second terminal (e.g., issuer terminal 130b, Figure 2) having a second terminal database (database 285b, Figure 2) for storing an account of the customer's second points (page 13, line 9-11), and a transaction center (120, Figure 2) having a center input (portal firewall 220, a web server 230, Figure 2) and a central computer (transaction server 250, Figure 2) programmed to implement the above-summarized events (page 12, lines 25-29; also summary section page 6, lines 6-18).

Independent Claims 13 and 14

Independent claims 13 and 14 recite a method implemented by a computer system and a system, respectively, of managing first and second points issuers, wherein the first and second points issuers issue first points and second points, respectively, at exchange rates set by the first and second points issuers respectively, and the first points differ from the second points (page 5, lines 7-13; page 9, lines 11-14; page 10, lines 21-23, page 25, line 23 to page 26, line 2; Fig. 8).

According to claims 13 and 14, first and second exchange rates are entered by the first and second points issuers respectively (page 25, line 23 to page 26, line 2; Fig. 8), and a customer's request for buying first points and selling second points is entered (page 18, lines 22-23; details of entering information described on page 17, line 3 to page 18, line 22). The presence or absence of each of the first and second exchange rates is determined, and the selling and/or buying of points is blocked in the absence of either of the first or second exchange rates. (page 6, lines 19-29).

System claim 14 further recites at least one terminal associated with the points program (e.g., issuer terminal 130a, Figure 2) and comprising a terminal input (issuer firewall 275a, Figure 2), a terminal database (database 285a, Figure 2) and a terminal server (issuer server 280a, Figure), and also a transaction center (120, Figure 2) having a center input (portal firewall 220, a web server 230, Figure 2) and a central computer (transaction server 250, Figure 2) coupled by a data transmission path to the terminal and comprising a center input (portal firewall 220, web server 230, Figure 2) and a center server (transaction server 250, Figure 2).

**GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL**

- A. Whether Claims 1-4, 13-14 and 21-38 are anticipated under 35 U.S.C. § 102(e) by Postrel (U.S. Patent 6,594,640).
- B. Whether Claims 1-4, 13-14 and 21-38 are antieipated under 35 U.S.C. § 102(c) by Lee et al. ("Lee") (US Published Patent Application No. US 2001/0054006).

## ARGUMENT

### A. The Rejection of the Claims under 35 U.S.C. § 102(e) as being Anticipated by Postrel

Claims 1-4, 13-14 and 21-38 were rejected under 35 U.S.C. § 102(e) as being anticipated by Postrel (U.S. Patent 6,594,640).

#### The Postrel Patent

The Postrel patent is directed to a reward points redemption system and method that enables a user to trade points that have been accumulated in one or more awards programs into a single reward exchange account and then, in turn, to use (i.e., redeem) the points in that single reward exchange account for purchasable items (abstract).

The Postrel system employs a trading server 20 that is in communication via a network (e.g., the Internet) with multiple reward server computers 10, 12, 14, a merchant computer 30, and a user computer 40 (Figure 4; col. 5, lines 3-8). The reward server computers may be any type of reward server, such as a server for facilitating a credit card reward program, an airline reward program (e.g., a frequent flyer program), or a marketing reward program (col. 5, lines 37-54).

After a user establishes an account with the Postrel system (col. 6, lines 1-14; col. 8, lines 4-13), the user redeems accumulated reward points from one or more reward entities (i.e., the reward programs) via a two-part transaction. In the first part, reward points are redeemed from one or more selected reward programs and accumulated within the user's reward exchange account. In the second part, the user purchases an item from a merchant using those accumulated

points within the user's reward exchange account. These two parts of Postrel's process are discussed in further detail below.

The first part of Postrel's process is described in col. 6, lines 13-52 of the patent. Initially, the user (via the user's computer) selects the rewards to be redeemed, that is, identifies the particular rewards programs from which already earned points are to be redeemed (col. 6, lines 13-24; step 600 of Figure 6). Then, the trading server computer of the Postrel system contacts the appropriate reward servers and arranges for the transfer of the points from the contacted reward servers into the user's "reward exchange" account within the Postrel system's trading server computer (col. 6, lines 25-52; steps 608, 610, 612, 614, 616 and 618 in Fig. 6). The transfer may be implemented in a few manners as discussed in Postrel, including providing monetary payment to the reward programs from which points have been redcemed (col. 6, lines 40-47).

The sccond part of Postrel's process is described in col. 7, lines 1-41, whrcin the user is provided the opportunity to select items for purchase and to use the points within the user's reward exchange account for such purchase. This second part of the process is shown in Figure 7. Initially, the user visits, via the trading server's website, the web site of one or more merchants and identifics "one or more items to be acquired from one or several merchants 30" (col. 7, lines 6-10; step 700 of Figure 7). The user elects to pay for the selected items with points within the user's reward exchange account (step 702), at which time the user is redirected from the merchant server back to the trading server (step 704) so that the trading server can assess whether the user has an account (step 706) and, if so, to assess whether the user has sufficient points in his/her account to purchase the selected items (step 708) (col. 7, lincs 10-19).

If the user does not have sufficient points, the user is afforded the opportunity to trade additional points from any of the user's rewards programs into the user's reward exchange account (i.e., repeat the first part of the process, described above) (step 712 (to repeat the process of Figure 6); col. 7, lines 19-25).

If the user has sufficient points, the trading server of the Postrel system instructs the merchant (via the merchant's computer) to deliver to the user the selected item or items, the user's reward exchange account is decreased by the number of points "corresponding to the purchased item" and the trading server computer "conveys consideration to the merchant computer 30 equivalent to the cost of the item by means well known in the art of electronic commerce (e.g., by a preexisting account, credit card, etc.)" (steps 714, 716, 718 of Figure 7; col. 7, lines 25-37).

Postrel, in col. 7, lines 37-41, further states:

In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step 720, for example by delivering the purchased item.

Hence, the Postrel patent discloses that rather than paying the merchant with money, Postrel's trading server may provide the merchant itself with points so that the merchant may, at a future date, redeem those points for something of value.

Postrel discloses other features, and some of those other features are addressed in the sections below.

#### **Claims 1-4, 21-31, 33-38**

Representative claim 1 calls for first and second points issuers that issue first and second points, respectively, wherein the first points differ from the second points. The body of claim 1 recites the following:

- (a) a customer setting a first number of the first points to be sold;
- (b) the first points issuer setting the point withdrawal rate of the first points and the second points issuer setting the deposit rate of the second points, each of said withdrawal rate and of said deposit rate being indicative of the monetary value of each of the first points and each of the second points respectively;
- (c) determining a second number of the second points based upon the point withdrawal rate of the first points issuer, the deposit rate of the second points issuer and the first number of the first points; and
- (d) exchanging the first number of the first points from the first point issuer to the second points issuer.

**1. Postrel Does Not Disclose: “the second points issuer setting the deposit rate of the second points”**

Postrel lacks any teaching of setting by a points issuer a rate at which points are deposited into that point issuer's awards program. In claim 1 (as well as various other claims), the “withdrawal rate” is a rate that applies to points that are redeemed from an awards program, and the “deposit rate” is a rate that applies to points that are deposited into an awards program.

In Postrel, in every instance in which a rate is mentioned, such rate pertains to the rate for the redemption of points from a program, which corresponds, at best, to the recited “withdrawal rate” in the claims. In particular, the reference to “limited conversion rate” in col. 8, line 22 of Postrel pertains to a limited-time rate at which points may be redeemed from an awards/rewards program in exchange for items from a merchant. The next reference to “conversion rate” in col. 9, line 10 of Postrel pertains to the redemption of points from a reward server. The next reference to “discount rate” in col. 9, line 52 of Postrel also pertains to the redemption of points from a reward server (in order to reduce the rewards program's liability). All other instances of discussion in Postrel likewise pertain to rates of redemption of points from an awards program or

from Postrel's reward exchange account. None, however, correspond to the "deposit rate" recited in the claims.

The Examiner Has Misconstrued Postrel

In the final Office Action dated June 11, 2010 (hereinafter, "Office Action"), the Examiner indicated that "points are withdrawn from a first reward entity and are transferred or deposited ... into another reward entity (i.e., partner or associated air carrier ...) using an exchange rate," and referred to Postrel, col. 7, lines 35-42; col. 8, lines 27-38; and col. 3, lines 30-35 for support thereof (Office Action, page 37, lines 12-16). In response, it is submitted that the Examiner has misconstrued Postrel, as explained below.

The first reference to Postrel in the preceding paragraph has been briefly addressed in the summary discussion of Postrel above. For convenience, col. 7, lines 33-41 of Postrel are repeated below:

The trading server computer 20 conveys consideration to the merchant computer 30 equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps 716, 718). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step 720, for example by delivering the purchased item.

This discussion in Postrel provides that a merchant may be paid for the purchase with consideration (e.g., money) or the merchant may be provided with points. In light of the absence of any further discussion in Postrel in connection with the option of providing a merchant with points, it must be assumed that such points pertain to points that have meaning to Postrel's reward exchange account (also called herein, Postrel's system) and do not represent points of one of the awards programs from which points may be pooled by a customer into Postrel's reward

exchange account. In other words, the merchant may be provided with points by, and at the complete discretion of, Postrel's system and such points may later be redeemed by the merchant for something of a value from Postrel's system. Clearly, the points that are provided to a merchant (1) are not points of any awards program; and (2) are not points that have any connection to the customer, but rather are points that are for later use by the merchant.

Notwithstanding the above position, even if Postrel somehow sufficiently discloses or teaches that the Postrel system provides to a merchant points of an award program, Postrel still doesn't disclose a deposit rate since the transfer to the merchant corresponds merely to a balance transfer and not a conversion or exchange into another loyalty (i.e., award) program.

Given the above understanding, teaching and disclosure of Postrel, Postrel's conveying of points to a merchant does not at all correspond to any teaching of the existence of a "deposit rate" or, more particularly, the claim 1 limitation "the second points issuer setting the deposit rate of the second points." If points are provided by Postrel's system to the merchant as the consideration for the item purchased by the user, it makes no sense for the merchant to set any sort of conversion rate that applies to the points that are transferred to that merchant. Moreover, from the above discussion, it is clear that the merchant does not correspond to the recited "second points issuer." Hence, the referenced section in Postrel is inapposite with respect to the claimed feature "the second points issuer setting the deposit rate of the second points."

Next, the discussion in col. 8, lines 27-38 of Postrel, also referenced by the Examiner, pertains to enabling the user to redeem points from (NOT deposit points into) an airline reward program. The sentence in col. 8, lines 30-32 – "The process may continue to that described with respect to FIG. 6 for trading points into a reward exchange account (step 1004)." -- makes it clear that the discussion pertains to the first part of Postrel's process summarized above, that is,

redeeming points from a rewards program and accumulating such points in Postrel's exchange program since Figure 6 of Postrel is a flowchart of how points are redeemed from a rewards program.

Finally, the discussion in col. 3, lines 30-35, referenced by the Examiner, likewise pertains to the redemption of points from a rewards program. The referenced section states that "users may submit frequent flyer awards or credits accumulated for other types of transactions for redemption or translation into a form readily acceptable by a participating merchant." When read in light of the entire Postrel patent, it is clear that this general summary/objective in Postrel is in no way a teaching that points are deposited into another reward program.

**2. Postrel Does Not Disclose: "determining a second number of the second points based upon the point withdrawal rate of the first points issuer, the deposit rate of the second points issuer and the first number of the first points"**

First, Postrel does not disclose the "deposit rate" for the reasons discussed above and, thus, does not determine "a second number of the second points" in the manner recited in claim 1.

Second, Postrel does not identify any sort of "second number" of points that are a function of the two different rates (i.e., a withdrawal rate from a first issuer and a deposit rate of the second issuer) and the "first number" of points (i.e., the number of points redeemed from the first points issuer). In the Office Action, the Examiner referred to various sections throughout Postrel for support of the Examiner's position that Postrel discloses this feature of the claimed invention. In view of the foregoing described understanding of Postrel, none of the sections relied upon by the Examiner discloses any sort of number of points that are, in fact, deposited or otherwise transferred into an awards program.

As summarized above, Postrel is directed strictly to a system that allows individuals to pool award points from multiple point issuers into a single reward exchange account and then to purchase goods or services from merchants using those pooled points. Throughout Postrel, however, there are several instances of the term “purchase,” which appears to have led the Examiner to the mistaken belief that Postrel teaches allowing a user to purchase points from a points issuer utilizing the points that are in the user’s reward exchange account. But a careful reading of Postrel indicates, in each of these instances, that this is not the case, as discussed further below.

Postrel, in col. 4, lines 26-29, states that “The user may purchase additional points in the event that his account does not contain the requisite number of points for making the purchase transaction.” This section is part of the summary section of Postrel, and clearly refers to Postrel’s later discussion of allowing the user to redeem additional points from an awards program if the user currently has insufficient points in his/her reward exchange account to purchase the selected item from a merchant (Col. 7, lines 19-25).

Postrel, in col. 3, lines 44-45, states that “Alternatively, the points may be bid for in an auction environment where points may be used to bid for certain awards.” This sentence must be construed in light of what is stated in the prior sentences, namely, that frequent flyer programs desiring to reduce their liability may contact users to utilize their points (i.e., redeem the points) in exchange for certain awards (e.g., flight tickets). Hence, bidding on such awards entails users identifying a number of points in their respective accounts to redeem for awards (e.g., travel services) offered by the points issuers.

Postrel, in Col. 10, lines 15-17, states that “The user can purchase points from the system, borrow points from the system, etc., and basically treat the points as cash consideration for

purposes of such transactions.” This sentence is not clearly explained in Postrel and, at best, means that users can purchase points from the Postrel system, not from any awards program that are identified in Postrel.

Hence, Postrel does not disclose “determining a second number of the second points based upon the point withdrawal rate of the first points issuer, the deposit rate of the second points issuer and the first number of the first points.”

**3. Postrel Does Not Disclose: “exchanging the first number of the first points from the first point issuer to the second points issuer”**

Claim 1 recites the exchange of points as recited and it is submitted that the foregoing discussion makes it clear that Postrel does not disclose this feature of the present invention.

In an Examiner Interview Summary Record, dated December 5, 2005, the Examiner asserted that “Postrel teaches in column 11, line 60 – column 12, line 8 the use of points from one airline carrier issuers to another different airline carrier point issuers.” First, even if the referenced section in Postrel discloses transferring of points from one points issuer to another points issuer (it is submitted that it does not), Postrel still lacks any discussion or teaching that the second points issuer sets its own deposit rate for the reasons already address. Second, the section in Postrel referenced by the examiner is not a sufficient teaching and is, at best, ambiguous. Col. 11, line 60 to col. 12, line 8 of Postrel is repeated below:

The interface would allow a user to login using the frequent flyer account information or preferably, the trading server account login id and password, where the user may use points awarded from another air carrier or point server to ‘pay’ for the services accessed. The account balance from the trading server may be transferred to the local controller prior to takeoff for each user that logs in to the trading server. Once the plane has departed, depending on the linking or access capability afforded by the air carrier or service provider, the user’s account may be modified in real time or upon reconnection following landing, based on

services selected by the traveler. If a real time link is supported, the user's exchange account may be periodically debited according to the services selected and duration of use. (emphasis added)

This paragraph in Postrel pertains to a user using mileage rewards to pay for on-board entertainment, as described in the preceding paragraph (col. 11, lines 36-50). When read in context, the cited paragraph in Postrel teaches that the user may redeem points from another frequent flyer account during a flight with another airline in order to redeem points from that frequent flyer account to pay for services received on the flight, as is evident from the language "to pay for the services accessed" in the cited paragraph. The sentences that follow explain that a balance is transferred (i.e., payment is made) prior to takeoff, or may occur in real time, or upon landing, and the amount paid depends on the services that are selected by the user. No matter the case, there is no transfer of points from one of the user's rewards programs to another of the user's rewards program. Consistent with the above-description of Postrel, this "airlines" embodiment enables a user to redeem points from one awards program in order to purchase goods or services from another entity. In this case, the points of one airline are used to purchase services of another airline. But there simply is no transfer of points to that other airline's awards program.

In view of the foregoing discussion, Postrel does not disclose various features recited in representative claim 1.

### Claims 13 and 14

Representative claim 13 calls for managing first and second points issuers that issue first and second points, respectively, and wherein the respective exchange rates are set by the first and second points issuers. The body of claim 13 recites the following:

- (a) entering first and second exchange rates by the first and second points issuers respectively;
- (b) entering a customer's request for buying first points and selling second points;
- (c) determining the presence or absence of each of the first and second exchange rates; and
- (d) blocking the selling and/or buying of points in the absence of either of the first or second exchange rates.

#### **1. Postrel Does Not Disclose “entering first and second exchange rates by the first and second points issuers respectively”**

Postrel does not disclose “entering first and second exchange rates by the first and second points issuers respectively” for those reasons discussed above in section 1 in the discussion of claim 1.

#### **2. Postrel Does Not Disclose “entering a customer's request for buying first points and selling second points”**

As discussed above, customers of the Postrel system identify awards programs from which to redeem points and further identify items to purchase from merchants using the redeemed points. In the Office Action, the Examiner referred to Col. 8, line 65 to col. 9, line 20 of Postrel for allegedly disclosing the recited feature “entering a customer's request for buying first points and selling second points” (Office Action, page 7, lines 10-11). However, this discussion in Postrel, as well as the Postrel patent in its entirety, does not describe “buying”

points. The last sentence of the section referenced by the Examiner states that “The increase in the user's exchange account may then be stored until a user finds an item to be purchased.” (col. 9, lines 20-21), and it is clear that the user selects “an item” (i.e., goods or services) to be purchased by the points. That is, no points are purchased from another awards program in Postrel.

**3. Postrel Does Not Disclose: “(c) determining the presence or absence of each of the first and second exchange rates; and (d) blocking the selling and/or buying of points in the absence of either of the first or second exchange rates”**

Postrel does not disclose the possibility that an exchange rate not be disclosed or determined. In the Office Action, the Examiner referred to col. 3, lines 32-37 of Postrel in connection with the recited feature of detecting the absence of exchange rates and asserted that “In Postrel an exchange rate is established for the relative consideration received by the companies involved in the transaction, therefore, if there is not [an] exchange rate or conversion rate, there is not [an] exchange between points.” (Office Action, page 8, lines 9-13). In response, Postrel arguably, and at best, discloses only a single exchange rate to redeem points (i.e., selling points) from an awards program, but completely lacks any teaching in connection with buying points, as discussed above.

Even if it was deemed inherent in Postrel that the failure of providing a redemption rate resulted in a blocking of the selling (i.e., redemption) of points from an awards program, Postrel would not block a transaction in the absence of an awards program not providing an exchange rate for the purchase of points since (a) Postrel doesn't disclose such purchasing of points; and (b) Postrel does not disclose a points issuer providing to the Postrel system a purchase exchange rate.

Hence, claim 13 recites a process with features that are neither disclosed nor inherent in Postrel.

**B. The Rejection of the Claims under 35 U.S.C. § 102(e) as being Anticipated by Lee**

Claims 1-4, 13-14 and 21-38 were rejected under 35 U.S.C. § 102(e) as being anticipated by Lee (US 2001/0054006).

The Lee Publication

The Lee Publication is directed to a points trading service and system (“Lee’s trading system”) that enables customers to trade points with one another (abstract; paragraphs 0012, 0013). Lee’s trading system includes a service providing server 24 (Fig. 2) that carries out Lee’s trading processes and that communicates (e.g., via the Internet) with customer computers 22 (220, 222, 224) and also that communicates with “member shops” computers 28 (280, 282, 284) (Paragraphs 0033, 0034). Member shops provide customers with points based on customer purchases or usage of goods or services from those member shops (Paragraph 0004).

Lee’s trading system first collects information about a customer’s points that have been accumulated by the customer by contacting each of the member shops with which the customer has an account and stores the collected information in a database within the trading system (paragraph 0035). A user of Lee’s trading system (i.e., a customer), after logging in to Lee’s system (Paragraph 0036), is provided with information about each of the customer’s member shops accounts including the name of each member shop, the number of points accumulated for each account (“Holding Points”), and the “Sell” and “Buy” exchange rates for each account, as shown in Figure 4 (Paragraph 0037).

As explained in Paragraph 0037, “The selling exchange rate is a cash point which the customer gets when selling points of a member shop … [and] the buying exchange rate is a cash point required for buying a point …” The table provided to the customer further includes “trade request space 410” (Fig. 4) for enabling the customer to identify which points of which member shop accounts to sell and which points of which member shop accounts to buy (Paragraph 0038). After selecting what to buy and sell, the customer selects the confirmation button to commence trading (paragraph 0039).

Paragraph 0040 explains the trading process, and is repeated below:

Among the registered trade request information, the transaction of points the user wants to sell is carried out when another customer wants to buy the points. That is, when another customer requests to buy the points, the transaction processing unit 244 receives the request for buying the points from the customer through the web server 254, checks whether or not points for sale corresponding to the buying request exist in the transaction database 246 and when it is checked that points for sale satisfying the buying request exist, the transaction is processed. Next, the transaction processing unit 244 updates the customer database 242 and the transaction database 246 according to the result of the transaction processing, and sends the results of buying request processing to the member shop of the points. (emphasis added)

As clearly explained in Lee, a transaction (i.e., purchase or sale) is carried out when two customers having matching requirements. Trading therefore is achieved strictly between customers and, except for simply notifying the member shops of the trades, does not at all involve the member shops with the purchase and/or sale of points.

#### **Claims 1-4, 21-31, 33-38**

Representative claim 1 has been discussed above, and it is submitted that Lee does not disclose various features recited in claim 1.

**1. Lee Does Not Disclose: “the first points issuer setting the point withdrawal rate of the first points and the second points issuer setting the deposit rate of the second points”**

Lee lacks any teaching of setting rates by a points issuer (i.e., “member shops”). As explained above, Lee’s trading system implements trades between customers themselves and there is no teaching or suggestion in Lee that the member shops set the selling or buying exchange rates.

In the Office Action, the Examiner referred to paragraph 0042-0043 in Lee, as well as to Figures 4 and 5, in support of the Examiner’s position that Lee discloses the feature “the first points issuer setting the point withdrawal rate of the first points and the second points issuer setting the deposit rate of the second points.” (Office Action, page 23, line 21 to page 24, line 2). While it is acknowledged that these referenced paragraphs and figures in Lee disclose exchange rates for buying and selling points (which also are disclosed in paragraph 0037 of Lee, as summarized above), such rates are not set by the member shops (i.e., points issuers), but rather are set by Lee’s trading system as is evident from the discussion in paragraph 0037, repeated below.

The selling exchange rate is a cash point which the customer gets when selling points of a member shop. In the present embodiment, the buying exchange rate is a cash point required for buying a point, and the rate is fixed to 110% of the selling exchange rate in the present embodiment. The difference between the selling exchange rate and the buying exchange rate can be used for maintenance and management expenses and profits. (emphasis added)

Lee explains the purpose of the differing exchange rates in paragraph 0037, and provides that the buying exchange rate is 110% of the selling exchange rate and, thus, one can only assume that the Lee trading system (not the member shops) sets the exchange rates. Hence, Lee

does not disclose the present invention's feature of "the first points issuer setting the point withdrawal rate of the first points and the second points issuer setting the deposit rate of the second points."

**2. Lee Does Not Disclose: "exchanging the first number of the first points from the first point issuer to the second points issuer"**

As discussed above, the Lee trading system implements trades between customers themselves. Hence, there is no exchange in Lee of points from a first points issuer (i.e., one member shop) to a second points issuer (i.e., another member shop).

In addition, the Lee trading system does not disclose that it communicates with member shops to commence the purchase or sale (i.e., redemption) of points, or communicates with member shops to implement any other type of transaction. Rather, the Lee trading system communicates with member shops to collect information about customers, particularly the number of points customers have with those member shops (paragraph 0035), and finally to merely notify the member shops of the trades (paragraph 0040, last sentence). But, clearly that final communication does not represent an exchange of points between member shops. If it did, the entire purpose of Lee would be obviated, namely, if the Lee trading system could somehow redeem points from one member shop and purchase points from another member shop, there would be no reason whatsoever to match up customers with one another, which is the essence of Lee's invention. Hence, Lee does not disclose "exchanging the first number of the first points from the first point issuer to the second points issuer."

### Claims 13 and 14

Representative claim 13 recites various features that are not disclosed in Lee.

#### **1. Lee Does Not Disclose “entering first and second exchange rates by the first and second points issuers respectively”**

Lee does not disclose “entering first and second exchange rates by the first and second points issuers respectively” for those reasons already discussed in connection with the discussion of claim 1 above.

#### **2. Lee Does Not Disclose: “(c) determining the presence or absence of each of the first and second exchange rates; and (d) blocking the selling and/or buying of points in the absence of either of the first or second exchange rates”**

Lee does not disclose the possibility that an exchange rate not be disclosed or determined. In the Office Action, the Examiner referred to Figures 4 and 5 of Lee to support the Examiner’s position that Lee discloses the recited feature of “determining the presence or absence of each of the first and second exchange rates.” (Office Action, page 27, lines 5-6). Figures 4 and 5 of Lee are tables presented by the Lee trading system to a customer. As briefly mentioned above, Figure 4 is a table that presents to a customer the customer’s member shop account information including the number of points held by each account and the sell and buy rates for such points. The customer then completes the table to identify what to buy and what to sell (explained in paragraphs 0037 and 0038). Figure 5 is a table presented to the customer that identifies the status of each trade (explained in paragraphs 0042, 0043). While these figures and the accompanying discussion in Lee illustrate the existence of exchange rates in Lee, Lee clearly does not determine the presence or absence of such rates, and then block a transaction in the

absence of a rate. Such a possibility is not considered in Lee and would be completely illogical for Lee to consider doing so since it is the Lee trading system, and not the member shops, that set the selling and buying exchange rates, as already discussed above.

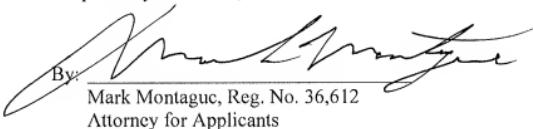
Hence, claim 13 recites a process with features that are not disclosed in Lee.

**CONCLUSION**

In view of the foregoing, claims 1-4, 13-14 and 21-38 are not anticipated under 35 U.S.C. § 102(e) by either Postrel or Lee.

It is therefore submitted that the Examiner erred in rejecting claims 1-4, 13-14 and 21-38 under 35 U.S.C. § 102(e), and the reversal of such rejections by this Honorable Board is solicited.

Respectfully submitted,

  
By: \_\_\_\_\_  
Mark Montague, Reg. No. 36,612  
Attorney for Applicants

COWAN, LIEBOWITZ & LATMAN, P.C.  
1133 Avenue of the Americas  
New York, New York 10036-6799  
(212) 790-9200

## CLAIMS APPENDIX

The following is a copy of claims 1-4, 13-14 and 21-38 that are involved in the appeal.

1. A method of managing a first points issuer and a second points issuer, wherein first points are issued by the first points issuer and differ from second points that are issued by the second points issuer, the method implemented by a computer and comprising the steps of:

- (a) a customer setting a first number of the first points to be sold;
- (b) the first points issuer setting the point withdrawal rate of the first points and the second points issuer setting the deposit rate of the second points, each of said withdrawal rate and of said deposit rate being indicative of the monetary value of each of the first points and each of the second points respectively;
- (c) determining, by a processor, a second number of the second points based upon the point withdrawal rate of the first points issuer, the deposit rate of the second points issuer and the first number of the first points; and
- (d) exchanging, by the processor, the first number of the first points from the first point issuer to the second points issuer.

2. The method as claimed in claim 1, wherein said step c) of determining the equivalent number of the second points comprises the sub-steps of:

- (i) determining the monetary value of the first number of first points as the product of the first number of first points and the point withdrawal rate of the first points issuer; and
- (ii) determining the equivalent number of the second points as the quotient of the monetary value of the first number of first points divided by the point depositing rate of the second points issuer.

3. A system for managing first and second points issuers, first points being issued by the first points issuer and differ from second points issued by the second points issuer, said managing system comprising:

- (a) a first terminal having a first terminal database for storing an account of the customer's first points;
- (b) a second terminal having a second terminal database for storing an account of the customer's second points; and
- (c) a transaction center having a center input and a central computer programmed to effect the following steps:
  - (i) the customer setting via said center input a first number of first points to be sold;
  - (ii) the first points issuer setting a point withdrawal rate of the first points and the second point issuer setting a point deposit rate of the second points, each of said withdrawal rate and said deposit rate being indicative of the monetary value of each of their first points and the monetary value of each of their second points respectively;
  - (iii) determining an equivalent number of the second points based upon the point withdrawal rate of the first points issuer, the point deposit rate of the second points issuer and the first number of the first points; and
  - (iv) providing respectively to said first and second points issuers a first transaction message to withdraw the first number of first points from said first terminal database and to deposit the equivalent number of second points in said second terminal database.

4. The system as claimed in claim 3, whcrein said transaction ccenter further responds to the first transaction message to convert the first number of first points into an equivalent second number of second points and to deposit the second number of second points in said sccond terminal database of said second terminal.

13. A method of managing first and second points issuers, each of the first points issuer issuing first points and the second points issuer issuing second points at exchange rates set by the first and second points issuers respectively, the first points differing from the sccond points, the method implemented by a computer and comprising the steps of:

- (a) entering first and second exchange rates by the first and second points issuers respectively;
- (b) entering a customer's request for buying first points and selling second points;
- (c) determining, by a processor, the presence or absence of each of the first and second exchange rates; and
- (d) blocking, by the processor, the selling and/or buying of points in the absence of either of the first or second exchange rates.

14. A system for managing a loyalty points program at an exchange rate set by a proprietor of the points program, said system comprising:

- (a) at least one terminal associated with the points program and including a terminal input, a terminal database and a terminal scrver programmed at least in part to effect the following steps:
  - (i) respond to a customer request to withdraw from and/or deposit points into said one terminal,

- (ii) a point program proprietor entering and storing in said terminal database exchange rates for the points of the loyalty points program; and
- (iii) detect the absence of the exchange rates for the points program to transmit a blocking signal; and
- (b) a transaction center coupled by a data transmission path to said one terminal and including a center input and a center server programmed to effect the following steps:
- (i) respond to a customer request on said center input for transmitting via the data transmission path to said one terminal the customer request whereby points are withdrawn and/or deposited into the loyalty points program associated with said one terminal; and
- (ii) respond to the blocking signal to prevent the transmission of the customer request.
21. A method of managing a first points issuer and a second points issuer, wherein first points are issued by the first points issuer, and second points are issued by the second points issuer and differ from the first points, the method implemented at least in part by a computer and comprising the steps of:
- a) a customer setting a first number of the first points to be sold ;
- b) the first points issuer setting its point withdrawal rate of the first points and the second point issuer setting its deposit rate of the second points to reflect respectively the monetary value of each of the first and second points in a common currency;
- c) transmitting the common currency of determined monetary value to the second points issuer;

- d) determining, by a processor, the monetary value of the common currency transmitted from the first points issuer to the second points issuer as a function of the point withdrawal rate of the first points and the set first number of first points to be sold; and
- e) determining, by the processor, the number of second points to be deposited with the second points issuer as a function of the monetary value of the transmitted common currency and the deposit rate of the second points issuer.

22. The method as claimed in claim 21, wherein the first points issuer has a first database for storing an account of the customer's first points; and a second points issuer has a second database for storing an account of the customer's second points.

23. The method as claimed in claim 22, wherein said method further comprises the step of depositing the determined number of second points in to the second database.

24. A method of using a monetary currency to redeem first points of a first loyalty point program and to purchase second points of a second loyalty program, the first loyalty point program comprises a first issuer of the first loyalty points, the second loyalty program comprises a second issuer of the second loyalty points, at least one of the first loyalty points differing from the second loyalty points, the method implemented at least in part by a computer and comprising the steps of:

- a) the first and second issuers respectively setting a first withdrawal rate for the first loyalty point program and a second deposit rate for the second loyalty point program;
- b) a member of the first loyalty program setting a first number of the first points to be redeemed;

c) determining, by a processor, as a function of the first number of the first points and the first withdrawal rate, the monetary value of the first number of the first points as a determined amount of the monetary currency; and

d) determining, by the processor, a second number of the second points to be purchased as a function of the determined amount of monetary currency and the second deposit rate.

25. The method as claimed in claim 24, wherein each of the first and second loyalty programs has a plurality of corresponding members and comprises a database, each database with a plurality of corresponding files, each file for storing the loyalty points that were accumulated by the corresponding member of its loyalty program.

26. The method as claimed in claim 25, wherein step b) transmits currency to the file of the corresponding member of the second loyalty program.

27. The method as claimed in claim 26, wherein there is further included a step of providing an interface to implement step e) of determining the value of the number of the first points and step d) for determining the number of second points, the interface operating independently the first and second point issuers.

28. A method of using a common monetary currency to manage a plurality of loyalty point programs, each loyalty program comprising a loyalty points issuer, at least one of the plurality of loyalty points issuers issuing first points, at least another of the plurality of loyalty points issuer issuing second points that differ from the first points, the method implemented at least in part by a computer and comprising the steps of:

a) each of the plurality of points issuers setting a withdrawal rate and a deposit rate for its loyalty program;

- b) a member of a related loyalty program setting a first number of the its loyalty points to be redeemed;
- c) determining, by a processor, as a function of the set of number of loyalty points and the deposit rate of the related loyalty program, the monetary value of the set number of points as a determined amount of the monetary currency; and
- d) determining, by the processor, a second number of points to be purchased as a function of the determined amount of monetary currency and the deposit rate of the related loyalty program.

29. A method of managing at least first and second points issuers, each of said first and second points issuers comprising a set of points, the method implemented by a computer and comprising the steps of:

- (a) the first points issuer independently setting a withdrawing rate which defines the value of one point of the withdrawal rate in terms of a common currency;
- (b) the second points issuer independently setting a deposit rate which defines the value of one point of the deposit rate in term of the common currency;
- (c) the first points issuer setting a first number of its first points to be traded to the second points issuer;
- (d) multiplying, by a processor, the first number of the first points times the withdrawal rate of the first points issuer to provide a value of the first number of the first points in the common currency;
- (e) multiplying, by the processor, the value of the first number of the first points in the common currency times the deposit rate of the second points issuer to provide the corresponding number of the second points to be traded; and

(f) trading, by the processor, the first number of the first points for the corresponding second number of the second points of the second points issuer.

30. The method as claimed in claim 29, wherin the first points issuer is facilitated to sell its points to the second points issuer at a price set by the first issuer, and the second points issuer is facilitated to buy the points of the first issuer at a price set by the second issuer.

31. A method of managing at least a points withdrawing loyalty program which comprises a plurality of withdrawing points and a points depositing loyalty program which comprises a plurality of deposit points, the method implemented at least in part by a computer and comprising the steps of:

- a) the points withdrawing loyalty program setting a number of its withdrawing points;
- b) the points withdrawing loyalty program setting a points withdrawing rate, which defines the value of one of the withdrawing points in terms of its common currency;
- c) multiplying, by a processor, the first number of the withdrawing points times the point withdrawing rate to provide a value of the number of the withdrawing points in terms of the common currency;
- d) the depositing loyalty program setting from the deposit loyalty program a points deposit rate, which defines the value of one point of the deposit rate in terms of its common currency; and
- e) multiplying, by the processor, the value of the number of withdrawing points times the point deposit rate for the depositing loyalty program to output the number of points to be deposited in the points deposit loyalty program.

32. The method as claimed in claim 31, comprising : setting in connection with the points withdrawing loyalty program is lower than the book liability per point, the points withdrawing rate, and by selling a points deposit rate higher than the book liability per point rate, then the points withdrawing loyalty program and the points deposit loyalty program are both able to generate a profit on the transactions with both the points withdrawing loyalty program and the points deposit loyalty program.

33. The method as claimed in claim 31, wherein the method is implemented by an interchange between the points withdrawing loyalty program and the points deposit loyalty program, said interchange being connected to the points withdrawing loyal program to provide the value of a number of the withdrawing points in terms of the common currency, whereby the points withholding loyalty program can extract a profit from the value of the number of the withdrawing points.

34. The method as claimed in Claim 31, wherein the withdrawing loyalty program determines the number of the points to be sold, setting a liability withdrawal rate, multiplying the liability withdrawing rate times the number of points to be removed from the books of the withdrawing loyalty program, and removing the amount of withdrawing liability in terms of the common currency from the withdrawing loyalty program.

35. The method as claimed in Claim 31, wherein the depositing loyalty program determines the number of the points to be purchased, setting a liability depositing rate, multiplying the liability depositing rate times the number of points to be added to the books of the depositing program, and removing the amount of the depositing liability in terms of the currency from the depositing program.

36. The method as claimed in Claim 31, wherein a transaction fee is calculated as a percentage of the value of the number of points selected by a customer in the common currency.

37. The method as claimed in Claim 31, wherein the first points issuer and second points issuer calculates a point exchange rate as the quotient of the number of the withdrawing points of the first points issuer divided by the number of the deposit points of the second point issuer.

38. A method of managing an exchange of points to and from a loyalty program, said loyalty program comprising a withdrawing issuing of points and a depositing issuing of points, the loyalty program including an administrator, the method implemented in part by a computer programmed and comprising the steps of:

- a) the loyalty program administrator sets a withdrawing rate which defines the value of a points withdrawing rate in terms of a common currency and a points depositing rate which defines the value of one point of the deposit rate in terms of the common currency;
- b) the loyalty program administrator sets a first number of its withdrawing points to be traded to another loyalty program;
- c) the loyalty program administrator setting the first number of the withdrawing issuing of points, and multiplying the first number of the first points times the withdrawing rate to provide a value of the first number of the first points in the common currency;
- d) receiving a second number of second points from another loyalty program ; and
- e) multiplying, by a processor, the value created by the second number of second points times the deposit rate of the second points issuer to provide the corresponding number of the second points to be traded.

**EVIDENCE APPENDIX**

None.

**RELATED PROCEEDINGS APPENDIX**

None.